

VIA E-MAIL: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

August 17, 2009



Ms. Jennifer J. Johnson  
Board of Governors of the  
Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Re: Docket No. R-1364 – Interim Final Rule on Implementation of the CARD Act

Dear Ms. Johnson:

UW Credit Union (UWCU) appreciates the opportunity to comment on the Federal Reserve Board's (Board) interim final rule amending Regulation Z, the Truth in Lending Act (TILA). UW Credit Union, based in Madison, Wisconsin, serves the financial needs of more than 135,000 members. With assets totaling \$1.2 billion, UW Credit Union serves the personal financial services needs of college students, faculty and staff.

The Board recently approved an interim final rule amending Regulation Z requiring creditors to increase the amount of notice consumers receive before the rate on a credit card account is increased or a significant change is made to the account's terms.

These revisions were the first stage in the Board's implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) and go into effect on August 20, 2009.

Those requirements include:

- Creditors must provide written notice to consumers 45 days before the creditor increases an annual percentage rate on a credit card account or makes a significant change to the terms of a credit card account.

- Creditors must inform consumers in the same notice of their right to cancel the credit card account before the increase or change goes into effect. If a consumer does so, the creditor is generally prohibited from applying the increase or change to the account.
- Creditors generally must mail or deliver periodic statements for credit cards and other open-end consumer credit accounts at least 21 days before payment is due.

UWCU supports the intent of the CARD Act, which is to eliminate predatory lending practices related to credit cards. However, we do take exception to mailing or delivering periodic statements to our members 21 days before payment is due as it relates to **open-end consumer credit accounts**. If this just applied to credit cards and other types of revolving credit, we would understand the value to the consumer of this interim final rule. However, the act would seem to require that this rule apply not just to those loan types, but would include installment loans originated under a multi-featured open-end lending plan.

UWCU already produces separate billing statements for true, revolving, open-end consumer lines of credit. This includes Visa Credit Card, Home Equity Lines of Credit (HELOC), and Reserve Line (overdraft protection line of credit). To comply with the regulation we will simply adjust the billing dates of these loans to accommodate the new 21-day requirement.

However, production of a separate, monthly periodic statement for an open-end installment loan under a multi-featured lending plan—like a loan used to purchase an automobile is impractical. Currently, members are provided detail about these accounts via a combined month-end statement. These statements are produced on the last day of each calendar month and include, among other things, the date next due. Since a member's loan due date could fall any day from the 1st-31st, the information that we have historically provided on this statement would not comply with the technical requirements of this regulation as in many cases, the payment disclosed would be due before the required 21-day notice.

Furthermore a separate, monthly periodic statement for an open-end installment loan is unnecessary as the payment amount is consistent both in the timing of the due date and the payment amount. In most cases, members chose the due date and amount of the payment based on their own budget and for their own convenience.

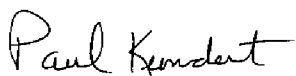
Lastly, a separate, monthly periodic statement for each open-end installment loan will be burdensome to produce and expensive to deliver. UW Credit Union holds approximately 12,000 open installment loans that fall under our open-end plan. We estimate that the cost for printing and postage of an additional monthly statement will be \$.85 per statement for a monthly total of \$10,200 per month or over \$120,000 per year. We believe this additional burden would provide no incremental value to our borrowers, who already receive comprehensive periodic statement information related to their loan accounts. We don't believe the CARD Act was intended to have these consequences.

For over 25 years, nearly half of the nation's credit unions (including UWCU) have used multi-featured open-end lending plans to provide their members convenient access to credit. Generally, any loan not secured by real estate is included in these plans. Our members benefit from this efficient delivery of consumer credit.

We urge the Board use its authority under TILA to narrow the scope of these provisions to credit cards. The intent of the CARD Act was to provide "comprehensive credit card reform legislation". The Board has clear authority to make the necessary modifications to narrow the scope of these provisions to credit cards. Section 105(a) of the TILA allows the Board to make adjustments to the TILA statutory requirements that are "necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate compliance therewith."

Thank you for the opportunity to submit our comments. If you have questions about our comments, please contact me at (800) 533-6773, ext 2268.

Sincerely,

A handwritten signature in black ink that reads "Paul Kundert". The signature is written in a cursive, flowing style.

Paul Kundert  
President & CEO